

# **EXHIBIT E**



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Jason P. Gottlieb  
Morrison Cohen LLP  
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RE: Compound Use of T.R.S.'s U.S. Patent No. 10,025,797

Dear Mr. Gottlieb:

This is in response to your December 22, 2021 letter. While we appreciate the courtesy of your response, we disagree with your conclusions.

TRS and its predecessor organizations are inventor-led and have been inventing solutions relating to ledger systems, integrated data sourcing, and linked storage arrangements for more than a decade. We are confident in the novelty and enforceability of the '797 Patent, which was duly issued by the USPTO and thus entitled to a statutory presumption of validity under 35 U.S.C. § 282. Track One or "expedited" review receives the same level of scrutiny by the USPTO and is entitled to no less of a presumption of validity. Indeed, Track One exists so that patents covering cutting-edge, economically significant subject matter can take priority.

The idea of general partnership liability for a DAO has widespread support. In the Coindesk piece that you co-authored, you argued that "[t]here is a risk the DAO could be considered a general partnership or unincorporated association. This might expose its members to personal liability for any of the DAO's actions and obligations, and discourage businesses, institutional investors, or other vulnerable or regulated entities from participating in DAOs." *See* "Opinion – How to Do Business as a DAO", Oct. 20, 2021, <https://www.coindesk.com/policy/2021/10/20/how-to-do-business-as-a-dao/>. However, even if the Coindesk piece does not reflect your current thinking on the personal liability of DAO

members, numerous other firms and commentators have raised similar concerns.<sup>1</sup> A review of online forums related to Compound echoes this concern.

The writings of private practice attorneys and internet commentators do not make the law, of course. Courts have yet to definitively weigh in on DAO liability, making this an opportune time to secure (potentially) exclusive rights in the field.

As to the relevant entity responsible for infringement within the Compound ecosystem, we anticipated this line of defense. We believe that Compound, Compound d/b/a “Compound Finance”, the compound.finance web address, the COMP governance interest, Compound Labs Inc. and its counsel may be relying on an entanglement of names to misdirect the identity of Compound’s owners and operators relating to TRS’s patent. We expect that a court would be less tolerant of this strategy and look to quickly resolve the matter.

To the best of our knowledge, Compound is not legally organized to operate in any state, but rather is operated by the owners of COMP through decentralized governance. COMP serves essentially the same purpose as tradable partnership interests or voting tradable shares in an unincorporated entity. According to Compound documentation and press releases from Compound Labs, COMP owners operate the governance functions, treasury functions, and control the rights over distributions and distribution entitlements.

\* \* \*

We are disappointed that Compound sees TRS’s position as an “in terrorem” campaign instead of the business opportunity that it represents. The party or parties obtaining rights in the ‘797 Patent will have a market advantage.

We remain open to licensing or selling the ‘797 Patent on terms that compensate TRS for its early work in the field. As we said previously, more favorable license terms are possible if a

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<sup>1</sup> See Skadden, Arps, Slate, Meagher & Flom LLP, “The Distributed Ledger: Blockchain, Digital Assets and Smart Contracts”, August 2021 (In the absence of legal entity status and direction from courts or legislators, concern has surfaced among users that DAOs are general partnerships, and therefore each of a DAO’s members would be personally liable for the actions (including fraud or material misrepresentations) of the partnership and of the other general partners.”); Orrick Herrington & Sutcliffe LLP, “Get to Know This Acronym for a Crypto Regulatory Alternative: DAOs”, Sept. 24, 2021 (describing a Wyoming bill as “designed with several benefits in mind, including protecting DAO participants from theories of liability based on general partnerships and giving a corporate form for recently passed legislation that allows DAOs to register as LLCs; Gibson Dunn & Crutcher LLP, Financier Worldwide, “Legal implications of expanded use of blockchain technology”, Judith Alison Lee, Jeff Steiner and Dustin McKenzie, November 2016 (“Decentralised organisations raise liability issues as ultimate responsibility may be difficult to define. Because the organisation’s ‘management’ is conducted automatically, legal systems would have to decide who is responsible if laws are broken. Similarly, the legal status of such organisations will be in question.”))

license agreement is concluded quickly. Absent an agreement or significant progress toward an agreement, our client reserves its right to pursue all available remedies.

Very truly yours,

A handwritten signature in black ink, appearing to read 'David A. Boag', with a stylized, cursive script.

David A. Boag